



March 27, 2017

The Honorable Rodney Whittemore and the Honorable Mark Lawrence  
Chairs, Joint Standing Committee on Insurance and Financial Services  
100 State House Station  
Augusta, Maine 04333  
Sent via Email

RE: Opposition to LD 900

Dear Chairmen Whittemore and Lawrence, and members of the Committee,

The National Association of Dental Plans (NADP) submits the following comment on Maine LD 900 regarding fees for dental services, or referenced in this letter as non-covered services (NCS).

NCS legislation prohibits a dental plan from requiring a dentist to accept a negotiated fee set by the dental plan unless the dental plan compensates the dentist for the specific service. This type of payment agreement is common in many dental carriers' provider contracts, a standard aspect of their contractual relationship that serves to defray the cost of dental care for plan enrollees (your constituents) when they need services that the purchaser or employer may have chosen not to cover in the interest of keeping their group dental premium affordable. Dentists knowingly enter into contracts with these provisions in return for the increased patient volume that comes with joining a dental plan network.

In addition to the NCS provision, the bill would allow dentists to "balance-bill" patients, or bill the patient for the difference between what dental carriers pay for covered services and the amount the dentist would charge uninsured patients for those services. We are not aware of any state legislation allowing balance billing of insurance enrollees for covered services and in fact, we see growing activity and efforts to protect patients from balance billing and surprise bills when the provider is out-of-network. This legislation would expose patients to increased and unpredictable costs for any covered service and undermine the very definition and value of insurance—providers that are in-network have agreed to accept insurance payment as payment in full, less any coinsurance.

**NADP respectfully opposes LD 900**, and encourages the Committee to fully investigate the ramifications this legislation may have on constituents and employers in the state.

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**EVELYN F. IRELAND, CAE**  
National Association  
of Dental Plans  
Dallas, TX

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]

nadp.org

"the representative and recognized resource of the dental benefits industry"



- **Patients' out-of-pockets expenses will increase due to the loss of the discounts on numerous dental procedures.**
- Employers may experience complaints due to employee dissatisfaction at increased costs for covered and non-covered services.

Additional background information on provider networks includes:

- Dentists choose to join a dental network and accept the contracted fees in return for increased access to patients who are customers of the dental carrier.
- While most policies cover the majority of frequently utilized procedures, a range of dental benefit plans, with appropriately varied premium ranges, is available in the marketplace to meet employer and patient budgets.
- Employers' demand for flexibility and affordability means not every dental plan design covers every single procedure on a dentist's contracted fee schedule. For instance, the insurer pays 80% and the patient pays 20% of the contracted fee for a category of procedures that is selected and specified by the employer, in consultation with a benefits broker, consultant or the dental carrier. For other categories of specified services, the insurer pays 100% and the patient pays 0% of the contracted fee. Non-covered services are those for which the insurer pays 0% and the patient pays 100%. The value of having dental coverage when choosing these services lies in the lower rate the dentist has agreed to when collecting 100% of the contracted fee.

In short, prohibiting contracted discounts for non-covered services is financially harmful to the consumer, leads to higher costs, and ultimately is confusing for individuals and families.

Attached is a detailed overview of non-covered services to explain the issue in more detail. NCS legislation is a stated priority of organized dentistry at state and national levels, with the stated primary purpose to increase dentist income which ultimately raises out of pocket costs directly from consumers. In various states, opposition has been heard from chambers of commerce, unions, consumer advocates, state employees, and more.

NADP greatly appreciates the opportunity to share our views, and we are available to answer any of the Committee's questions. In addition to the NCS summary, we have also attached our Maine Dental State Fact Sheet for your review. Please feel free to contact me with any questions at 972.458.6998x111 or [eaugustini@nadp.org](mailto:eaugustini@nadp.org).

Sincerely,



Eme Augustini  
Director of Government Relations

cc: Members of the Joint Committee on Insurance and Financial Services

Sen. Dana Dow  
Sen. Everett Carson  
Rep. Heidi Brooks

National Association of Dental Plans

12700 Park Central Drive • Suite 400 • Dallas, Texas 75251

972.458.6998 • 972.458.2258 [fax]



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#### **NADP DESCRIPTION**

NADP is the largest non-profit trade association focused exclusively on the dental benefits industry, i.e. dental PPOs, dental HMOs, discount saving plans and dental indemnity products. NADP's members provide dental benefits to more than 90 percent of the 211 million Americans with dental benefits. Our members include the entire spectrum of dental carriers: companies that provide both medical and dental coverage, companies that provide only dental coverage, major national carriers, regional, and single state companies, as well as companies organized as non-profit plans.

#### **National Association of Dental Plans**

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972.458.6998 • 972.458.2258 [fax]





## An Overview of Dental Non-Covered Services

Non-covered services (NCS) legislation would prohibit a dental insurance plan from requiring a contracted dentist to accept a payment fee set by the dental plan unless the dental plan compensates the dentist for such services. While prohibiting discounts on non-covered services does not impact the plan's revenue, it will have a direct and lasting negative impact on a consumer's out-of-pocket costs.

Dental plans cover a wide array of dental services; however, most have an annual maximum benefit per plan year. After the annual maximum amount is met, consumers can continue to benefit from insurance coverage when discounts are afforded to them through contracted fees between their dental plan, and that plan's contracted dentists.

- **Prohibiting contracted discounts for non-covered services is financially harmful to the consumer and leads to higher costs and confusion for individuals and families.**

Minimizing American's out-of-pocket health costs is one of the primary goals for federal health care reform. Dental consumers, dental plans and dentists have a responsibility to work together to offer competitive costs for dental services. Dentists who contract with a dental plan may agree to accept the fees for dental services specified in the contract, regardless of the payment source. The dental plan pays for covered services in part or in whole, and the consumer pays for non-covered services. Regardless of the payment source, the total the dentist receives is the agreed upon contracted fee, thus providing benefits to the consumer and the employer as described below:

- **Contracted Fees—Benefits to the Consumer:**
  - Consumers receive the contracted fee even if the service is not covered by their insurance plan. Without the contracted fees, consumer costs for non-covered services are generally higher.
  - Cost of dental care is predictable for the consumer when the same contracted fees are applied to needed services even after the annual maximum is met. Dental plans and consumers can better calculate expected costs up front when a single fee schedule is adopted for all services, covered or not, and this helps avoid surprised "sticker-shock" that might otherwise result from non-contracted fees for dental services.
  - Cost savings realized when consumers receive non-covered services at a contracted fee encourages them to seek treatment in a timely manner and not delay care due to cost restraints. Paying a higher, non-contracted fee can put significant financial strain on individuals and families.
- **Contracted Fees—Benefits to the Employer:**
  - Due to rising medical premiums, employers are facing hard choices with their health care benefit options. A dental plan's ability to offer a single contracted fee schedule for all services under a group employer dental plan increases the scope of benefits without increasing premiums, thereby increasing the overall value of the program for employees.
  - Employers review their employees' utilization and customize their dental plan selection accordingly. The design of the dental policy selected by the employer dictates what services are covered under a plan. This allows the employer to offer a plan at an affordable cost to both the employer and the consumer. Dental plans contract fees with dentists, and offer multiple policies based on the contracted fee. The Act being considered by NCOIL would limit employer flexibility, and reduce their product choices.
- **Contracted Fees—Dentist Topics:**
  - Dentists may be initially in favor of prohibiting discounts on non-covered services; however, there is little evidence to support increased revenue by supporting this measure. A recent study by Delta Dental Plans Association of all Delta plans showed only a .44 percent difference in total approved claims costs are even affected. Dentists can do their part in health care reform by holding their costs to the contracted fees already agreed to for patients covered by dental insurance.
  - Dentists have the choice to join a dental plan's network and accept the contracted fees for both covered and non-covered services.

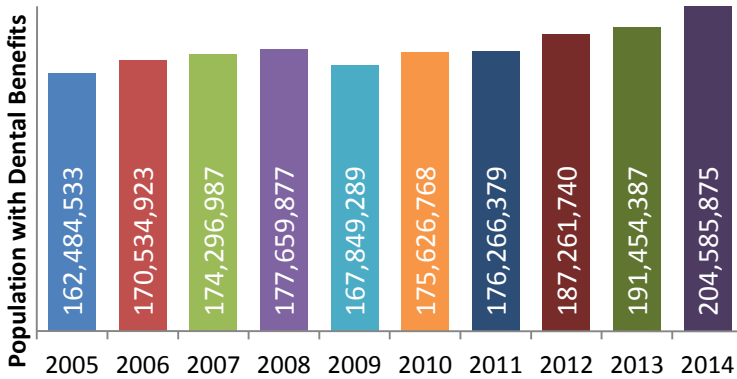
# Maine

## Dental Benefits Fact Sheet



### National Enrollment Trends

An estimated 204,585,875 Americans, 64% of the population, have dental benefits.



Source: 2015 NADP Dental Benefits Report on Enrollment

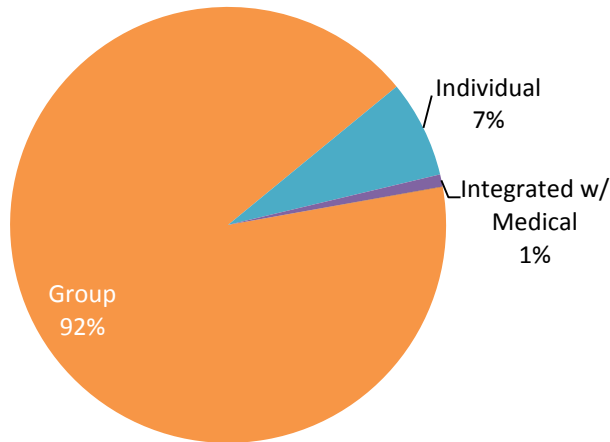
### Dental Enrollment

An estimated 662,083 or 50% of the population have dental benefits in Maine.

Plan Type	Enrollment
<b>Private Plans</b>	
DHMO	1,100
DPPO	541,210
Indemnity	51,247
Other Private	10,661
<b>Public Plans</b>	
Medicaid/CHIP <sup>43</sup>	57,804

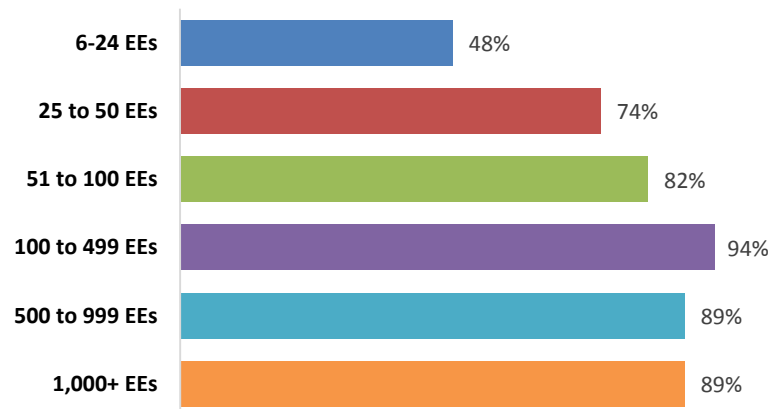
Source: Data from the Centers for Medicare and Medicaid Services and 2015 NADP Dental Benefits Report on Enrollment

### Sources of Private Dental Coverage



Source: 2015 NADP Dental Benefits Report on Enrollment

### Employers Offering Dental Benefits by Employer Size



Source: 2015 NADP Survey of Employers

### Premium Facts

Maine	DHMO	DPPO	Indemnity
Small Group	--	\$37.96	\$48.35
Large Group	--	\$34.83	\$35.82
Individual	--	\$50.28	\$45.04
Nat'l All Group Avg	\$17.01	\$31.69	\$36.13

Source: NADP 2015 Dental Benefits Report: Premium and Benefit Utilization Trends

### Distribution of Commercial Benefits: State vs National

	DHMO	DPPO	Indemnity	Other
<b>Maine</b>	0.2%	81.7%	7.7%	1.6%
<b>National</b>	7.9%	78.9%	6.8%	6.4%

Source: 2015 NADP Dental Benefits Report on Enrollment

# Maine Dental Benefits Fact Sheet

## Workforce NADP Members

The federal standard for an adequate supply of dentists is 3.33 practicing dentists per 10,000 population.<sup>44</sup>

The table presents the number of dentists participating on provider networks including the number of network dentists per 10,000 population

Network Type	Total Dentist	General Dentists	Pediatric Dentists	Specialists	Per 10,000
DHMO	296	250	5	41	2.23
DPPO	481	404	12	65	3.62
Discount	182	160	2	20	1.37

Source: 2015 NADP/DDPA Joint Dental Benefits Report on Network Statistics and U.S. Department of Health and Human Services

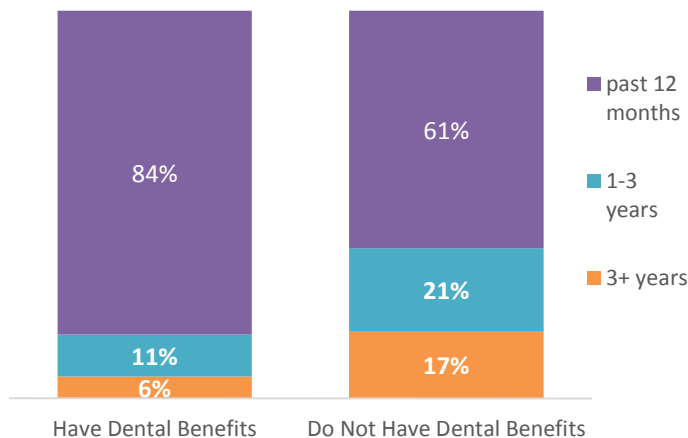
### Plan Types Offered by NADP Members



Source: 2015 NADP Membership Directory

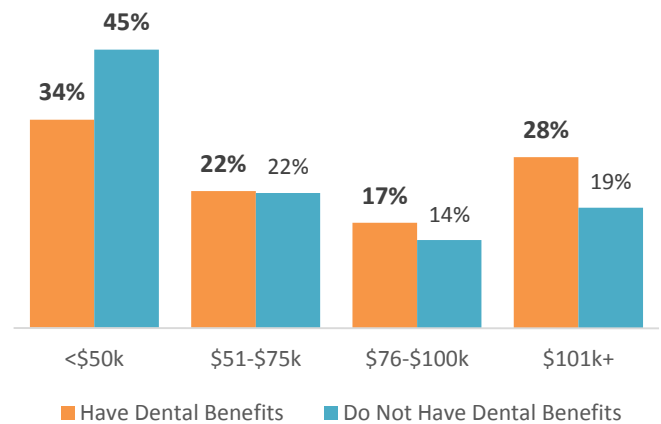
## Dental Benefits Impact Consumer Behavior Who Has Dental Benefits

### When was your last visit to the dentist?



Source: 2015 NADP Survey of Consumers

### Consumers with and without Dental Benefits by Household Income



Source: 2015 NADP Survey of Consumers

## About



The National Association of Dental Plans (NADP), a nonprofit corporation with headquarters in Dallas, Texas, is the “representative and recognized resource of the dental benefits industry.” NADP is the only national trade organization that includes the full spectrum of dental benefits companies operating in the United States. NADP’s members provide dental benefits to about 90 percent of 205 million Americans with dental benefits.